

REQUEST FOR INFORMATION (RFI)

RFI Number: EVT0000191

Date Mailed: October 11, 2010

Closing Date: **October 29, 2010**

Procurement Officer: Jill Martin
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Fax Number: 785-296-7240
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Item: ***Medicaid Cost Efficiencies***

Agencies: Kansas Health Policy Authority
Location: Topeka, Kansas

Scope: The Kansas Health Policy Authority (KHPA) is invites all interested parties (IP) to respond to this Request for Information regarding Medicaid Cost Efficiencies.

>>>> NOTE: THIS IS NOT A REQUEST FOR BID <<<<

**STATE OF KANSAS
KANSAS HEALTH POLICY AUTHORITY
REQUEST FOR INFORMATION**

A. Scope:

The Kansas Health Policy Authority (KHPA) invites interested parties (IP) to respond to this Request for Information (RFI) regarding *health care cost efficiency projects for Medicaid and children's health insurance (CHIP) beneficiaries*.

Interested Parties shall respond to this Request for Information and submit it to the address shown in Section C below no later than October 29, 2010. Faxed or electronic (email) submission is acceptable.

The responding IP will not be bound by the written response; however, because KHPA may rely upon information provided by responders when determining strategic planning, it is requested that the responding IP be as accurate as possible.

With regard to each question set forth in Section G, below, the responding IP is asked to answer each question as accurately and thoroughly as possible.

It is our intent, at a future date, to issue a Request for Proposal and to competitively negotiate a contract or contracts for the procurement of a project to reduce the cost of Medicaid assistance as described below.

B. Questions Concerning this RFI:

Questions requesting clarification of this RFI must be electronically submitted to the Procurement Officer, no later than October 19, 2010 by noon. Responses to any questions will be directed to the Interested Party asking the question(s). All questions received electronically by October 19, 2010 at noon will be answered. No questions by telephone or fax will be accepted.

C. Response:

1. Vendor's response should consist of:
 - One (1) original and one (1) copy of the Response, including signature sheet, applicable literature and other supporting documents;
 - Five (5) electronic / software version(s) of the response. These shall be provided on separate flash drives, in Microsoft® Word or Excel or searchable PDF files.

2. Responses are to be submitted to:

Kansas Division of Purchases
Response to RFI #EVT0000191
Closing Date: *October 29, 2010*
900 SW Jackson Street, Room 102N
Topeka, KS 66612-1286

The submission deadline is, October 29, 2010, 2:00 PM CST.

Responses shall bear the name of the individual, partnership or corporation submitting the bid, and shall be labeled, **"Medicaid Cost Efficiencies"**

Electronic modifications will be considered if received prior to the closing date/time for receipt of Statements of Interest.

D. Responding to Request for Information (RFI):

Responding IP should include its qualifications in the response. The qualifications should provide a brief history of the IP, evidence of credibility and a resume for key staff members involved with preparation of the response to this RFI.

Any or all responding IPs may be requested to conduct a formal presentation to further explain and clarify the IP's understanding and approach and/or to respond to questions from KHPA in regard to the information submitted.

The cost of developing and submitting the information is entirely the responsibility of responding IP. This includes costs to determine the nature of this RFI, preparation of the response, submitting the response and any other costs associated with this RFI.

Responses should be prepared simply and economically, providing a straightforward, concise description of the information being requested in this RFI. Emphasis should be on completeness and clarity of content.

E. Background:

The Kansas Health Policy Authority (KHPA) was created by statute on July 1, 2005. It is a nine-member board comprised of health care, business, and community leaders appointed by the Governor and the Legislature, plus six ex-officio members including State agency Secretaries.

The Authority is charged with developing and coordinating a statewide health policy agenda. This agenda encompasses strategies for effective purchasing and administration of high quality health care services as well as strategies for promoting health.

All health insurance purchasing by the State is now combined under the Authority, including publicly funded programs (Medicaid, the Children's Health Insurance Program (CHIP), other optional health care programs) and the State Employee Health Plan (SEHP).

Medical claims for the publically funded programs administered by KHPA (Medicaid, the Children's Health Insurance Program (CHIP), and other optional health care programs), are currently submitted to and processed by the KS Medicaid Management Information System (MMIS) fiscal agent contractor, HP Enterprise Services.

More information concerning KHPA can be seen at <http://www.khpa.ks.gov/>

On February 18, 2010, the Kansas House and Senate both adopted Senate Substitute for House Bill 2222 (the "Rescission Bill") which adjusts the state Fiscal Year 2010 budget to align with current revenue projections. Section 13 of that bill, which addresses funding for the Kansas Health Policy Authority, includes a proviso calling on the agency, "to evaluate and describe short-term and intermediate-term options, adjustments and improvements to the state Medicaid plan and to the policies, contracts, waivers, procedures and other administrative actions to attain economies and efficiencies in the provision of aid and services under the state Medicaid plan." KHPA sought input from stakeholders during the 2010 Legislative Session regarding ways of reducing Medicaid expenditures. That survey generated several short and long term savings ideas that were presented in a report to the legislature on March 1, 2010.

Examples of projects that were suggested include:

- Emergency room avoidance
- Paperwork reduction projects
- Health Savings Account pilot projects
- Care management for particular disease states or population groups
- Telemedicine or remote telemetry
- Eligibility audit or enhanced verification activities
- Coordination of care activities for dual eligible Medicare and Medicaid beneficiaries

Unfortunately, most of the suggestions provided in the preparation of the March 1st report lacked the information required to develop savings options with specific, demonstrable savings.

In addition to the cost-savings ideas brought forth earlier this year, KHPA has conducted a number of studies and analyses identifying the foremost underlying cost-drivers in the program. The specific program evaluations completed for the last two years by KHPA staff:

http://www.khpa.ks.gov/program_improvements/default.htm. Many of these reviews point to the growing costs associated with the aged and disabled, who often have multiple chronic health conditions requiring greater coordination of care. To date, the state has not invested in the coordination and delivery of this core Medicaid population in a concerted effort to reduce spending.

Following submission of the cost-savings report to the Kansas Legislature, KHPA hosted a forum on Medicaid Cost Drivers that brought together national expertise with Kansas healthcare leaders and Medicaid stakeholders to discuss the status of the program and the need for new ideas to control costs. Information from the April 26, 2010 Medicaid Cost Drivers Forum is available at http://www.khpa.ks.gov/meetings_events/MedicaidCostDriversForum.html. A summary of the key findings and discussion at the Forum concludes the following:

1. Kansas, like most other states, faces an economic imperative to control costs in Medicaid. That imperative is amplified by the recent passage of Patient Protection and Affordable Care Act (PPACA). Additional across-the-board rate cuts like those imposed in November are a very damaging option, and the existing cuts may not be sustainable. Federal restrictions also prevent the state from reducing enrollment through changes in eligibility standards. It is also difficult to save money through optional services because optional services are often a lower-cost substitute for mandatory services, and because more services will be mandatory when federal reforms are implemented in 2014. Therefore, savings have to be found elsewhere by reducing the overall cost of the care provided.
2. The Kansas Health Policy Authority has identified care for the aged and disabled populations as a significant factor driving up the cost of Medicaid. Controlling future growth in Medicaid expenditures will require changes in the way services for these high-risk, high-cost populations are managed and coordinated.
3. The enactment of PPACA will soon make Medicaid the single largest provider of health coverage in the United States. This increases the risks of Medicaid cost growth. It also means that the choices Medicaid makes and the policies it pursues could have a profound impact on the entire health care system as a whole.
4. Several options exist for improving care management and coordination, such as:
 - a. paying a flat rate for services representing a single episode or course of treatment that can be bundled together, such as outpatient care;
 - b. implementing a medical home model of care delivery;
 - c. extending care coordination to high-cost populations to manage medication use and reduce hospitalizations; and
 - d. expanding the use of health information technology and exchange (HIT/HIE).
5. KHPA staff and participants in the forum seemed to agree there is also a need for better coordination of physical and mental health services since many people in the aged and disabled population groups suffer from both sets of conditions.
6. There is concern among providers, especially those in the mental health field that managed care will only result in payment reductions and service limitations, not in better management and coordination of care. Their experience with early forms of managed care in the private sector (HMO's) shapes their skepticism. Providers would like to have meaningful input in the process of designing and selecting the model to be used.

7. The goals of any managed care model for these populations should be based on measurable standards of cost efficiency and quality improvement. Many projections of cost savings are considered “soft” and unreliable.
8. HCBS care provides some opportunity for savings, at least when compared to the cost of institutional care, but also presents challenges in terms of management. Services should be tailored to the individual’s need and be managed for both cost and quality.

The analysis and evaluation of the Medicaid program completed to date identifies the populations and services that are driving spending in Kansas. This RFI is designed to identify potential savings opportunities that KHPA could either implement under existing authority, or that KHPA could bring to the Kansas Legislature for consideration and funding. In particular, this RFI is intended to generate innovative and proven initiatives that reduce spending in the program.

F. Scope of Services; Contract to be awarded:

KHPA intends to issue a contract or contracts for projects that reduce the cost of medical assistance to eligible beneficiaries through the Medicaid program. KHPA has identified certain populations and services that have had the greatest impact on growth in Medicaid spending, and is especially interested in proposals that address these targeted areas. Nevertheless, IP’s are encouraged to recommend any proposals generating net savings to Kansas Medicaid. KHPA is directly responsible for managing the medical services components of the Medicaid program, but KHPA’s role is to develop coordinated health policy recommendations for its Board and for state policymakers, and specifically requests the submission of ideas that encourage greater coordination of care across Medicaid and CHIP physical health services, mental health and substance abuse services, and long term care services and supports.

This RFI seeks project proposals that could be implemented in 2011 to generate real net cost savings in the Medicaid program. Proposals could include initiatives requiring an up-front investment by the state, but KHPA is specifically interested in initiatives generating net savings within one-to-two years. KHPA reminds IPs that the state has limited resources to invest in new initiatives, and encourages proposals with a rapid and positive return on investment. For example, proposals that could generate net savings by the end of state fiscal year 2012 (which ends June 30, 2012) could be included in updated agency budget proposals to the Governor for that fiscal year. The KHPA Board voted in September 2010 to submit cost saving proposals generated through this RFI process -- if available -- in lieu of any potential reduction in Medicaid provider rates.

The following capabilities should be provided by the contractor:

1. Propose specific projects that reduce the cost Medicaid assistance.
2. Demonstrated ability to implement specific actions or projects to reduce medical costs.
3. Provide estimates of the cost savings that could be achieved through the implementation of specific project.
4. Demonstrated ability to work with medical providers, consumers, family members, or other stakeholders as appropriate for a specific project.
5. As appropriate for the specific project, data analytic procedures to identify cost savings that could be introduced to the Medicaid Management Information System or other data system.
6. As appropriate for the specific project, technology or devices needed to achieve costs savings through improved patient care or patient information management.

G. Questions:

1. Please define the project proposed to reduce Medicaid assistance expenditures.
 - a. What services or populations are affected?

- b. What aspects of medical care are affected and how are medical costs reduced?
 - c. What is required of KHPA to achieve the proposed cost savings?
2. Define the steps required to implement the project.
- a. What information or data are needed before implementation?
 - b. What are its capabilities and possibilities for generating cost savings?
 - c. What restrictions or limitations are there on the project?
 - d. What coordination is required among Medicaid programs?
 - e. When would savings be achieved after implementation?
 - f. Estimate the amount of savings achieved or expected
 - g. Are the cost savings one time, annual, or recurring?
3. Provide references from locations where the proposer has implemented similar projects. Please include both government and private companies that use your system(s).
4. Describe your experience and successes with managing medical cost savings programs or projects.

H. Other considerations:

Are there any other issues the IP may see as relevant for the KHPA Medicaid Cost Efficiencies project not specifically addressed above.

SIGNATURE SHEET

Item: Medicaid Cost Efficiencies project

Agency: Kansas Health Policy Authority

Closing Date: October 29, 2010

Legal Name of Person, Firm or Corporation_____

Toll Free Telephone_____Local_____Fax_____

E-Mail_____

Mailing Address_____

City & State_____Zip Code_____

Signature_____Date_____

Typed Name of Signature_____Title_____